

**TO:** Distribution  
**FROM:** Market Information/Bruce Neidle  
**SUBJECT:** Weekly Shipment Performance w/e 7/16/99

**DATE:** July 19, 1999

Following the prior week's holiday influenced shipments, this week's volume increased +0.8 billion units to 7.8 billion. This week's performance reflects lower shipments to McLane and likely some competitive promotional shipments.

Lorillard's weekly performance was higher than their recent averages driven by its Premium shipments (Lorillard's Premium SOC was 13.9%, +2.1pp above recent averages) suggesting premium promotional shipments. B&W's weekly performance continues to be higher than recent averages possibly due to promotional support of their discount business and the relaunch of Lucky Strike.

Likely due to lower shipments to McLane (PM accounts for 58% of McLane's business) and presumed competitive activity, PM's weekly shares were below recent averages. PM shares were: SOI: 46.6%; Premium SOC: 55.3%; and Discount SOC: 23.2%.

Discount category share for the week was 27.0%, up +0.6pp vs. last week. On a YTD basis the category was down -0.5pp vs. yago to 26.5%.

<b>PM-USA July Performance</b>							
<b>Volume</b>				<b>Share</b>			
	<u>W/E</u>	<u>PROJ</u>	<u>ACTUAL</u>	<u>VS. PROJ</u>	<u>PROJ</u>	<u>ACTUAL</u>	<u>VS. PROJ</u>
(2 Days)	7/2	1,904	2,374	470	50.1%	51.5%	1.4
	7/9	2,955	3,436	481	49.4%	48.7%	(0.7)
	7/16	3,740	3,659	(81)	49.3%	46.6%	(2.7)
	7/23	4,188			50.2%	48.5	
	7/30	4,113			50.3%	50.0	
<b>MTD</b>	<b>8,599</b>	<b>9,469</b>	<b>870</b>		<b>49.5%</b>	<b>48.5%</b>	<b>(1.0)</b>
<b>July</b>	<b>16,900</b>				<b>49.9%</b>		
All numbers are rounded.							

**Variance Explanation**

w/e 7/16

PM's volume was below projection likely due to lower than expected shipments to McLane. PM's share was also impacted by lower shipments to McLane and likely by higher than anticipated competitive promotions.

w/e 7/9

PM's volume was above projection possibly due to stronger than expected shipments surrounding the holiday period. PM's share was below projection likely due to stronger than anticipated competitive activity.

2 days ending 7/2

PM's performance was above projection likely due to stronger than expected shipments in advance of the holiday period and support of the May/June buydowns.

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**PRELIMINARY WEEKLY VOLUME AND SHARE**

**W/E 7/16/99**

**THIS WEEK'S RESULTS**

	INDUSTRY	PHILIP MORRIS	RJ REYNOLDS	B & W	LORILLARD	LIGGETT	ALL OTHER MFGRS
<b>VOLUME</b>							
Current Week	7,848	3,659	1,853	1,102	958	112	164
Diff. vs. 1998	-926	-579	-320	-219	107	26	59
% Change vs. '98	-10.6%	-13.7%	-14.7%	-16.6%	12.6%	29.9%	55.8%
<b>SHARE</b>							
Current Week		46.6%	23.6%	14.0%	12.2%	1.4%	2.1%
Diff. vs. 1998		-1.7%	-1.2%	-1.0%	2.5%	0.4%	0.9%
<b>FORECAST</b>							
Diff. vs. Forecast	57	-85	-3	7	112	22	3
<b>CURR. PROJECTION</b>							
Diff. vs. Projection	262	-81					
<b>PREMIUM</b>							
Volume	5,729	3,168	1,198	541	798	11	13
Share of Category	73.0% *	55.3%	20.9%	9.5%	13.9%	0.2%	0.2%
Contribution		86.6%	64.6%	49.1%	83.3%	10.0%	7.9%
<b>DISCOUNT</b>							
Volume	2,119	491	655	561	160	101	151
Share of Category	27.0% *	23.2%	30.9%	26.5%	7.6%	4.8%	7.1%
Contribution		13.4%	35.4%	50.9%	16.7%	90.0%	92.1%

**PRELIMINARY WEEKLY VOLUME AND SHARE**

**W/E 7/16/99**

**QUARTER TO DATE**

	INDUSTRY	PHILIP MORRIS	RJ REYNOLDS	B & W	LORILLARD	LIGGETT	ALL OTHER MFGRS
<b>VOLUME</b>							
QTD	19,515	9,469	4,477	2,687	2,235	249	399
1998 Actual	21,541	10,624	5,281	3,165	2,013	205	254
Diff. vs. 1998	-2,026	-1,155	-804	-479	222	44	145
% Change vs. '98	-9.4%	-10.9%	-15.2%	-15.1%	11.0%	21.6%	56.9%
<b>SHARE</b>							
QTD		48.5%	22.9%	13.8%	11.5%	1.3%	2.0%
Diff. vs. 1998		-0.8%	-1.6%	-0.9%	2.1%	0.3%	0.9%
<b>FORECAST</b>							
Diff. vs. Forecast	1,681	865	245	190	306	42	33
<b>PREMIUM</b>							
Volume	14,399	8,288	2,887	1,320	1,843	30	31
Share of Category	73.8% *	57.6%	20.1%	9.2%	12.8%	0.2%	0.2%
Diff. vs. 1998	-0.2%	-0.1%	-1.8%	0.3%	1.7%	-0.1%	0.0%
Contribution		87.5%	64.5%	49.1%	82.5%	11.9%	7.8%
<b>DISCOUNT</b>							
Volume	5,116	1,181	1,590	1,367	391	219	368
Share of Category	26.2% *	23.1%	31.1%	26.7%	7.6%	4.3%	7.2%
Diff. vs. 1998	0.2%	-2.6%	-1.0%	-4.6%	3.3%	1.6%	3.3%
Contribution		12.5%	35.5%	50.9%	17.5%	88.1%	92.2%

\*Share or Industry

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**PRELIMINARY WEEKLY VOLUME AND SHARE**  
**W/E 7/16/99**

<b>4WM AVERAGE</b>							
	<b>INDUSTRY</b>	<b>PHILIP MORRIS</b>	<b>RJ REYNOLDS</b>	<b>B &amp; W</b>	<b>LORILLARD</b>	<b>LIGGETT</b>	<b>ALL OTHER MFGRS</b>
<b>VOLUME</b>							
Latest 4 Wks	8,614	4,279	1,955	1,144	942	119	175
Diff. vs. Pr. 4WM	-152	-152	-4	-8	11	2	-2
Change v Pr 4WM	-1.7%	-3.4%	-0.2%	-0.7%	1.2%	1.8%	-1.0%
Diff. vs. YAG 4WM	-214	-89	-168	-158	123	5	73
Change vs. YAG 4WM	-2.4%	-2.0%	-7.9%	-12.1%	15.0%	4.1%	72.1%
<b>SHARE</b>							
Latest 4 Wks		49.7%	22.7%	13.3%	10.9%	1.4%	2.0%
Diff. vs. Pr. 4WM		-0.9%	0.3%	0.1%	0.3%	0.0%	0.0%
Diff. vs. YAG 4WM		0.2%	-1.4%	-1.5%	1.7%	0.1%	0.9%
<b>PREMIUM</b>							
Volume	6,390	3,755	1,268	568	773	13	14
Change v Pr 4WM	-2.0%	-3.6%	-0.4%	-0.7%	3.0%	-2.1%	-0.7%
Share of Category	74.2% *	58.8%	19.8%	8.9%	12.1%	0.2%	0.2%
Diff. vs. Pr. 4WM		-1.0%	0.3%	0.1%	0.6%	0.0%	0.0%
Diff. vs. YAG 4WM		1.1%	-1.6%	-0.2%	1.0%	-0.3%	0.0%
<b>DISCOUNT</b>							
Volume	2,223	523	687	576	169	107	161
Change v Pr 4WM	-1.0%	-1.9%	0.2%	-0.6%	-6.3%	2.2%	-1.0%
Share of Category	25.8% *	23.5%	30.9%	25.9%	7.6%	4.8%	7.3%
Diff. vs. Pr. 4WM		-0.2%	0.4%	0.1%	-0.4%	0.2%	0.0%
Diff. vs. YAG 4WM		-3.0%	-0.4%	-4.8%	3.5%	1.2%	3.5%

**PRELIMINARY WEEKLY VOLUME AND SHARE**  
**W/E 7/16/99**

<b>13WM AVERAGE</b>							
	<b>INDUSTRY</b>	<b>PHILIP MORRIS</b>	<b>RJ REYNOLDS</b>	<b>B &amp; W</b>	<b>LORILLARD</b>	<b>LIGGETT</b>	<b>ALL OTHER MFGRS</b>
<b>VOLUME</b>							
Latest 13 Wk	8,324	4,131	1,937	1,105	879	102	170
Diff. vs. Pr. 13WM	55	40	5	-1	4	4	2
Change vs. Pr. 13WM	0.7%	1.0%	0.3%	-0.1%	0.5%	4.4%	1.3%
Diff. vs. YAG 13WM	-873	-389	-274	-307	39	-5	64
Change vs. YAG 13WM	-9.5%	-8.6%	-12.4%	-21.7%	4.6%	-4.6%	59.6%
<b>SHARE</b>							
Latest 13 Wk		49.6%	23.3%	13.3%	10.6%	1.2%	2.0%
Diff. vs. Pr. 13WM		0.2%	-0.1%	-0.1%	0.0%	0.0%	0.0%
Diff. vs. YAG 13WM		0.5%	-0.8%	-2.1%	1.4%	0.1%	0.9%
<b>PREMIUM</b>							
Volume	6,116	3,619	1,216	541	709	18	13
Change v Pr 13WM	0.9%	1.0%	0.9%	0.7%	0.3%	-3.7%	0.7%
Share of Category	73.5% *	59.2%	19.9%	8.8%	11.6%	0.3%	0.2%
Diff. vs. Pr. 13WM	0.1%	0.1%	0.0%	0.0%	-0.1%	0.0%	0.0%
Diff. vs. YAG 13WM	0.1%	1.0%	-0.7%	-0.6%	0.6%	-0.2%	0.0%
<b>DISCOUNT</b>							
Volume	2,208	512	721	564	170	84	157
Change v Pr 13WM	0.1%	0.8%	-0.8%	-0.8%	0.9%	6.4%	1.4%
Share of Category	26.5% *	23.2%	32.6%	25.6%	7.7%	3.8%	7.1%
Diff. vs. Pr. 13WM	-0.1%	0.1%	-0.3%	-0.2%	0.1%	0.2%	0.1%
Diff. vs. YAG 13WM	-0.1%	-0.9%	-0.9%	-6.0%	3.8%	0.7%	3.4%

\*Share of Industry

**PRELIMINARY WEEKLY VOLUME AND SHARE**  
**W/E 7/16/99**

	<b>YEAR TO DATE</b>						
	<b>INDUSTRY</b>	<b>PHILIP MORRIS</b>	<b>RJ REYNOLDS</b>	<b>B &amp; W</b>	<b>LORILLARD</b>	<b>LIGGETT</b>	<b>ALL OTHER MFGRS</b>
<b>VOLUME</b>							
YTD	223,203	110,547	51,882	30,280	23,639	2,552	4,304
1998 Actual	247,958	122,403	59,984	37,837	22,172	2,980	2,581
Diff. vs. 1998	-24,755	-11,857	-8,102	-7,557	1,466	-427	1,722
% Change vs. '98	-10.0%	-9.7%	-13.5%	-20.0%	6.6%	-14.3%	66.7%
<b>SHARE</b>							
YTD		49.5%	23.2%	13.6%	10.6%	1.1%	1.9%
Diff. vs. 1998		0.2%	-0.9%	-1.7%	1.6%	-0.1%	0.9%
<b>FORECAST</b>	221,522	109,682	51,637	30,090	23,333	2,510	4,271
Diff. vs. Forecast	1,681	865	245	190	306	42	33
<b>PREMIUM</b>							
Volume	164,143	97,372	32,308	14,552	18,991	566	355
Diff. vs. 1998	-16,854	-8,346	-5,190	-2,221	-748	-285	-64
% Change vs. '98	-9.3%	-7.9%	-13.8%	-13.2%	-3.8%	-33.5%	-15.2%
Share of Category	73.5% *	59.3%	19.7%	8.9%	11.6%	0.3%	0.2%
Diff. vs. 1998	0.5%	0.9%	-1.0%	-0.4%	0.7%	-0.1%	0.0%
<b>DISCOUNT</b>							
Volume	59,061	13,175	19,574	15,728	4,648	1,987	3,949
Diff. vs. 1998	-7,900	-3,510	-2,912	-5,336	2,214	-142	1,786
% Change vs. '98	-11.8%	-21.0%	-13.0%	-25.3%	91.0%	-6.7%	82.6%
Share of Category	26.5% *	22.3%	33.1%	26.6%	7.9%	3.4%	6.7%
Diff. vs. 1998	-0.5%	-2.6%	-0.4%	-4.8%	4.2%	0.2%	3.5%

\*Share of Industry

Note: Company volumes may not sum to Total Industry due to rounding.

Volume differences, percentages and share figures are calculated on full precision numbers.